REAL ESTATE AGENCY
BEFORE THE REAL ESTATE COMMISSIONER

In the Matter of the Real Estate License of
GORDON L. KING

STIPULATED FINAL ORDER

The Oregon Real Estate Agency (OREA) and Gordon L. King (King) do hereby agree and stipulate to the following:

FINDINGS OF FACT
&
CONCLUSIONS OF LAW

1.

1.1 At all times mentioned herein, King was licensed as a principal broker with Associated Properties, Inc.

1.2 On October 2, 2015, Sheri Terjeson (Terjeson) filed a complaint with OREA against King.

1.3 Terjeson hired King to manage her properties in 2008. King was recommended to Terjeson by her brother, Paul Terjeson, who was a broker working in King's office.

1.4 King ended up managing the following properties on behalf of Terjeson, 915 18th Street NE (18th Street Property), a 10 unit complex located at 1205 Oakhill SE, (Oakhill property), a 10 unit complex located at 420 Flying Squirrel Way (Flying Squirrel property), and an 11 unit complex at 127-177 Sunset Avenue (Sunset Avenue Property).

1.5 During the investigation Pierce asked King to provide a copy of the property management agreement for the 18th Street and Oakhill properties. At the time, King told Pierce there was no written property management agreements for the two properties. Later, during the settlement conference on April 1, 2016, King clarified he didn't remember that he had property management agreements for the two properties when Pierce asked him, but
later he recalled that he did indeed have the documents and was able to provide them to
OREA.

Violation: By failing to produce the property management agreement for the 18th Street
and Oakhill property during the investigation, King violated ORS 696.301(3) (2015 Edition) as it
incorporates ORS 696.280(3) (2015 Edition), which states records maintained under this
section must at all times be open for inspection by the Real Estate Commissioner or the
commissioner’s authorized representatives.

1.6 In her complaint, Terjeson alleged King mishandled the security deposits.

1.7 King told Pierce when he took over management of Terjeson’s properties he
never received any of the security deposits for the existing tenants from the previous property
manager or from Terjeson. King said he had several conversations with Terjeson in regards to
the security deposits and had requested them several times. King said he told Terjeson about
setting up a liability account for the security deposits. King said his accountant had suggested
setting up a liability account to list existing tenants’ security deposits. When a tenant moved
out and a refund of their security deposit was required, the check would be written out of the
clients’ trust account. King said the plan was for the liability account to be gradually offset by
the profits generated by Terjeson’s properties, but this never happened. King said he
suggested to Terjeson that she sell one of the properties to replace the security deposits he
never received. King said whenever Terjeson did sell a property she would use the proceeds
to buy another, instead of using the money to offset the missing security deposits.

1.8 Terjeson was asked if she recalled any conversations with King regarding the
need to set up a liability account on the owner’s ledger to handle the owner liability for the
security deposits being held. Terjeson replied she did not know anything about a liability
account until Spencer Taylor (Taylor), her new property manager, questioned why no security
deposits had been turned over by King. Terjeson said she had assumed King was holding the
security deposits in a separate client trust account, but had recently learned otherwise from
Taylor. Terjeson said Taylor explained to her the need to set up a liability account to keep
track of the security deposits that needed to be funded by Terjeson.

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1.9 Pierce asked King how he handled security deposits received from new tenants that moved in after he began managing Terjeson’s properties. King said as new tenants moved in, their deposits were put into the clients’ trust account designated for the property.

1.10 When Pierce reviewed King’s clients’ trust account records, the check registers showed that King was depositing tenant security deposits received from the tenants into the clients’ trust account. The security deposits were not transferred out to a security deposits account, and were not disbursed to Terjeson directly.

1.11 In an email dated, March 24, 2015, King wrote Taylor, informing Taylor that King did not keep a separate bank account for security deposits.

Violation: By receiving security deposits and failing to deposit and maintain them in a security deposit trust account King violated: OAR 863-025-0030(1) (11-15-07), which states except as provided in OAR 863-025-0025, all tenants’ security deposits received by a property manager shall be deposited and maintained in a security deposits account, and OAR 863-025-0030(1) (11-14-08, 1-1-09, 6-15-10, 4-15-11, 9-1-11, 9-14-11, 9-14-12, 4-1-13, 5-15-14 Editions), which states, except as provided in section (3) of this rule, all tenants’ security deposits received by a property manager must be deposited and maintained in a security deposits account.

Violation: By receiving security deposits on behalf of Sheri Terjeson, and failing to open and maintain a security deposits account, separate from the clients’ trust account, King violated OAR 863-025-0025(3) (11-15-07 Edition), which states except as provided in section (6) of this rule a property manager who receives a security deposits on behalf of an owner shall open and maintain a security deposits account, that is separate from the property manager’s clients’ trust account and OAR 863-025-0025(4) (11-14-08, 1-1-09, 6-15-10, 4-15-11, 9-1-11, 9-14-11, 9-14-12, 4-1-13, 5-15-14 Editions), which states except as provided in section (7) of this rule, a property manager who receives a security deposits on behalf of an owner must open and maintain a security deposits account, that is separate from the property manager’s clients’ trust account. King also violated OAR 863-025-0025(4) (11-15-07 Edition), which states except as provided in section (6) of this rule and OAR 863-025-0030, a property manager who receives a security deposit on behalf of an owner shall deposit a security deposit into the property manager’s security deposits account within five banking days after receipt,
and OAR 863-025-0025(5) (11-14-08, 1-1-09, 6-15-10, 4-15-11, 9-1-11, 9-14-11, 9-14-12, 4-1-
13, 5-15-14 Editions), which states that except as provided in section (7) of this rule and OAR
863-025-0030, a property manager who receives a security deposit on behalf of an owner
must deposit the security deposit into the property manager's security deposits account within
five banking days after receipt. King also violated ORS 696.890(3)(e) (2011 Edition) and ORS
696.890(4)(e) (2013 and 2015 Editions), which states the property manager owes the property
owner the following affirmative duties: (e) To act in a fiduciary manner in all matters relating to
trust funds.

2.

2.1 OREA reserves the right to investigate and pursue additional complaints that
may be received in the future regarding this licensee.

STIPULATION & WAIVER

I have read and reviewed the above findings of fact and conclusions of law which have
been submitted to me by OREA and further, the order which follows hereafter. I understand
that the findings of fact, conclusions of law and this stipulation and waiver embody the full and
complete agreement and stipulation between OREA and me. I further understand that if I do
not agree with this stipulation I have the right to request a hearing on this matter and to be
represented by legal counsel at such a hearing. Hearings are conducted in accordance with
the procedures set forth in ORS Chapter 183 and in accordance with the Rules of Practice and
Procedure adopted by the Attorney General of the State of Oregon. I freely and voluntarily
waive my rights to a hearing, to representation by legal counsel at such a hearing, and to
judicial review of this matter.

I hereby agree and stipulate to the above findings of fact and conclusions of law and
understand that the order which follows hereafter may be completed and signed by the Real
Estate Commissioner or may be rejected by the Real Estate Commissioner. I understand that,
in accordance with the provisions of ORS 696.445(3), notice of this order shall be published in
the Oregon Real Estate News Journal.

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ORDER

IT IS HEREBY ORDERED that King's principal broker license be, and hereby is, reprimanded.

IT IS FURTHER ORDERED that King complete the 27-hour Property Manager Advanced Practices course, (detailed in OAR 863-022-0022) within six months from the effective date of this order. King must submit documentation, such as a certificate to OREA showing completion of the 27-hour Property Manager Advanced Practices course. This documentation must be submitted to OREA no later than a month after the education has been completed.

IT IS SO STIPULATED:

GORDON L. KING

Date 5-23-16

IT IS SO ORDERED:

GENE BENTLEY
Real Estate Commissioner
Date 6-13-16

Date of service: 6-13-2016